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First Quarter Farm Exports Peak

U.S. Farm Markets in BLEU

And Arabian Peninsula

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This week's cover:

Weighing U.S. wheat for grading. Grades provide a common "language" for producers, exporters, and importers. U.S. wheat exports slumped somewhat in the first 3 months of fiscal 1972, as did those of some other farm products affected by the west coast dock strike. Yet total U.S. farm exports reached a first-quarter record. See article beginning this page.

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U.S. Farm Export

By Establishing Recor

By DEWAIN H. RAHE
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U.S. exports of farm products during July-September, the first quarter of fiscal 1972, totaled a record-breaking $1,875 million. This was nearly 5 percent above the high of $1,668 million set in the same quarter of the previous fiscal year.

Value gains for soybeans, soybean meal, cottonseed and soybean oil, wheat, cotton, tobacco, dairy products, tallow, and meats overbalanced sharp reductions for feedgrains, rice, fruits, vegetables, lard, and alfalfa meal.

Agricultural exports in September advanced to a new monthly record of $750 million—32 percent above a year earlier. This increase represents stepped-up shipments in anticipation of the longshoremen's strike at east coast and gulf ports. Gains were concentrated in wheat, feedgrains, rice, soybeans and soybean products, cotton, tobacco, tallow, and dairy products.

During the same month, however, the dock strike on the west coast was trimming agricultural exports through that area's ports by about $70 million, reducing exports of fruits, vegetables, nuts, and alfalfa meal and cutting total wheat and rice movements via the west coast to zero. In September 1970, wheat movements had amounted to $25 million and rice movements to $4 million.

For the 3-month period, the strike lopped exports from the

Open Fiscal 1972

for July-September

west coast ports by over $200 million. It is estimated that over half of this reduction will be a permanent loss to American farmers.

More than offsetting this decrease for the quarter was the estimated gain of over $100 million in movement from lake, east coast, and gulf ports in anticipation of the east coast and gulf port strike that started on October 1.

U.S. exports of **oilseeds and products** advanced by more than one-fourth in value to $531 million in July-September. Higher prices and expanded volume were about equally responsible for the increase.

Demand for oilseeds in both developed and developing countries has gained rapidly in recent years. But foreign production has been below trend, and the larger foreign demand for vegetable oils and protein meal has been met mainly by shipments from the United States.

World production and supplies of competitive fats, oils, and protein meals are expected to be greater this year. For example, production of copra, palm oil, and rapeseed is substantially larger.

Soybean exports in July-September increased to 95 million bushels from 84 million in the same months of fiscal 1971. Japan, the European Community, Spain, Denmark, and Taiwan provided larger markets; but reduced U.S. supplies are limiting the volume of U.S. exports in the current fiscal year. The short-term gain was heavily influenced by the anticipated dock strike.

Exports of oil meal totaled 1.3 million short tons—almost 300,000 more than in fiscal 1971. Nearly all U.S. exports of soybean meal went to Western Europe, which usually accounts for about three-fourths of the total.

Foreign demand for U.S. edible vegetable oils continued strong. Exports of soybean and cottonseed oils totaled 542 million pounds—36 million above a year ago.

Although Government programs move the bulk of U.S. vegetable oils, most of the July-September gain occurred in dollar sales. But foreign competition continues to increase.

Exports of **grains and preparations** were down about 2 percent. Expanded world production of both wheat and feedgrains has reduced foreign demand for U.S. grains. Exports from the United States to the EC, which expects a record harvest this season, are likely to drop sharply.

Wheat and wheat product exports totaled 164 million bushels, a quantity only slightly below last year's 167 million. Wheat shipments from the gulf ports advanced sharply during September in anticipation of the dock strike. Principal outlets were India, Brazil, Japan, Pakistan, Venezuela, the Netherlands, Morocco, Korea, and Israel.

No wheat moved from west coast ports in July-September, compared with 55 million bushels for the like period in fiscal 1971. But wheat exports from lake, Atlantic coast, and gulf ports increased to 149 million bushels from 97 million.

Feedgrain exports totaled 4.5 million tons for the quarter, compared with 5.6 million the year before. The decrease occurred mainly for barley and grain sorghums. Corn exports of 145 million bushels were about the same as a year earlier. Larger feedgrain output in Argentina, South Africa, and Australia has increased competition for export markets. In addition, the EC's larger production of barley and corn will reduce its import requirements and also permit it to export more to traditional U.S. customers.

Rice exports fell to 7.7 million bags from 8.9 million the year before. Most of the decline stemmed from smaller exports to South Korea and South Vietnam. Somewhat offsetting this decline were larger exports to the EC, South Africa, India, and Pakistan. However, owing to the upward trend in world rice production during recent years, especially in many developing countries, total import requirements under special U.S. programs have decreased.

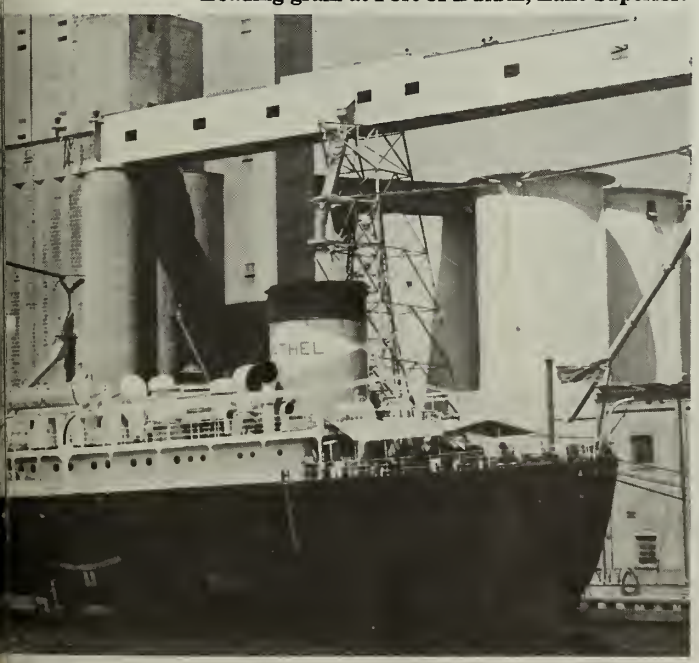
Cotton exports totaled 686,000 bales, compared with only 359,000 a year ago. Foreign demand for cotton continues strong with smaller world production. Consumption has been gaining slightly despite increased use of synthetic fibers. The best markets were Korea, Japan, India, Canada, the Philipines, Taiwan, the United Kingdom, South Vietnam, and Hong Kong. However, with U.S. production at 10.7 million bales and a smaller carry-in stock, the volume of U.S. cotton available for export is reduced.

Tobacco exports—169 million pounds—showed a sharp improvement over the 117 million of fiscal 1971. While some of this gain is due to a large movemen tin anticipation of the longshoremen's strike at east coast ports, part of it represents a return to a more normal level from the extremely low level of a year earlier. Shipments to the EC (primarily West Germeny), Sweden, and South Vietnam picked up.

Exports of **animals and animal products** also improved, totaling $211 million. Larger shipments of dairy products, inedible tallow, and meats pushed value up by 4 percent. However, exports of slaughter cattle to Canada were smaller.

(Continued on page 12)

Loading grain at Port of Duluth, Lake Superior.



U.S. Farm-Product Sales To Belgium-Luxembourg Reach Alltime Peak

By HAROLD L. KOELLER
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Sales of U.S. farm products to the Belgium-Luxembourg Economic Union (BLEU) set a new record in the 1970-71 marketing year (July-June). BLEU imports from the United States totaled about $212.5 million—35 percent above the 1969-70 level of $157 million and well over the $128 million imported in 1968-69.

The outlook is for a continuing high level of sales in 1971-72. However, the total value probably will be down somewhat because of large crops in Western Europe, expected lower export prices for such U.S. crops as corn and other feedgrains, and inadequate U.S. supplies and resulting high prices of soybeans, soybean meal, and cotton. Feedgrains, soybeans, and soybean meal account for about 65 percent of BLEU farm imports from the United States.

Grains—BLEU imports of corn, the major commodity bought from the United States, were up in both volume and value in 1970-71, reaching a near record $55 million. The volume increase was caused partly by the holding of exportable corn stocks until March 1971 by French growers and cooperatives who were waiting for increases in local prices, and partly by a strong demand for feedgrains to feed Belgium's growing animal population. Higher prices resulting from blight-shortened supplies in the United States added to the dollar total of sales.

In 1971-72, the volume of BLEU corn imports from outside the European Community (EC) is expected to hold up well and possibly even increase despite current large grain crops and expanded quantities of export corn available in France. This is because the EC has raised the support (intervention) price of barley by 4 percent and the minimum import (threshold) price by 5 percent for 1971-72, while raising the threshold price for corn by only 1 percent.

As a result, corn is forecast to be cheaper than barley on a feeding value basis. In order to prevent large quantities of barley from being sold at the intervention price and accumulated as surplus stocks, quantities probably will be exported to non-EC countries at subsidized prices, while corn will continue to be imported from outside the EC. The continuing upward trend in livestock production provides a positive stimulus to demand for corn and other feedgrains.

BLEU imports of wheat from the United States have risen in value during the past 3 years. Belgian millers have tended to use more U.S. northern spring and hard winter wheats and somewhat less Manitoba from Canada and Plata from Argentina. Higher prices this past season were responsible for the slightly increased value of imports from the United States. The U.S. export price is expected to be slightly lower in 1971-72. Volume in 1970-71 declined slightly and the outlook is for further decline in 1971-72 as Canadian wheat becomes more competitive.

Grain sorghum imports recovered sharply in 1970-71. The $15 million total was up from $7.6 million a year earlier and only $4.7 million in 1968-69. Belgian poultry producers prefer sorghum grain over corn as broiler feed because it produces a white-skinned bird preferred by most Belgian consumers. However, they cannot afford to pay a premium for sorghum. Further, there are adequate substitutes, such as denatured wheat, which serve the same purpose and are less expensive than sorghum grain.

Thus, since the EC sorghum threshold price for 1971-72 has been set higher in line with the increase in the barley price, imports should tend to decline sharply.

Last season's high corn price within the EC made possible large imports of sorghums at prices competitive with corn. These imports were used largely in broiler rations. (See *Foreign Agriculture* May 17, 1971.) In 1971-72 corn will be cheaper than both barley and sorghum; thus, imports of sorghum are predicted to drop to the 1969-70 level.

Imports of U.S. rice (mainly long-grain) into BLEU were down about 15 percent in 1970-71, largely because of expanded competition from long-grain rice from Argentina, Uruguay, and Thailand. Imports are expected to fall further during the coming season because the EC will be giving higher protection to Italian and French rice through higher intervention and threshold prices and because competition from South America and Thailand will continue. However, U.S. long-grain should still be the major type of rice imported by the BLEU.

Other grain imports in 1970-71 consisted mainly of U.S. barley purchased because of a shortage of good quality brewing barley in both Belgium and France during the second half of the crop year. BLEU is not expected to import a substantial quantity of U.S. barley in 1971-72.

Oilseeds and meals—Soybeans rank second in value of BLEU imports from the United States. Except for an insignificant decline in 1969-70, imports have risen steadily since 1966. In 1970-71 they were slightly more than 2½ times the 1965 level of 127,000 metric tons. The 1970-71 increase was

When this article was written, Mr. Koeller was U.S. Agricultural Attaché at Brussels.

larger than usual in both volume and value. Value alone rose by 35 percent. Some additional processing facilities are being built that will begin operating over the next 2 to 3 years. These will probably result in further increases in the volume of soybean imports. The value of BLEU imports of U.S. soybeans for the coming year is estimated at about $42 million.

On the other hand, imports of soybean meal are expected to decline slightly, but remain higher than those of 1969-70. Increased local meal production in 1971-72 should not cause a reduction in the level of imports because of increasing use for livestock.

The United States supplies only about half of BLEU's imported soybean meal. However, it is expected that U.S. exporters will lose some of their share of the market in the coming year to Brazilian exporters. It should be noted that much of the soybean meal imported from other sources except Brazil is processed from U.S. soybeans imported by the processing counties.

Imports of other meals, seeds, and feeds are expected to continue at about present levels.

Fats and oils—Exports of U.S. tallow to BLEU have risen sharply during the past year and will probably continue at the present rate. They could, however, increase slightly if prices remain relatively low or become more competitive because of changing exchange rates.

U.S. sales of soybean oil to BLEU have become insignificant.

Fresh fruits, nuts, and vegetables—The major fresh fruits exported to BLEU are oranges, lemons, and grapefruit. Most are shipped from California and Arizona during the late spring and summer seasons. Sales have been hindered during the past 3 seasons by freezes in California which limited supplies available for export.

During 1970-71, large Mediterranean citrus crops and discriminatory reductions in duties granted to Spain, Israel, Morocco, and Tunisia by the EC further reduced U.S. sales. However, in a recent action, the EC lowered the summer duty rate on fresh oranges from 15 to 8 percent.

In view of all the factors involved, only a small increase in U.S. sales is forecast for 1971-72.

It seems likely that U.S. exports of dried fruits will continue at about the present level or decline slightly.

Exports of tree nuts—particularly almonds—are expected to be up even further from the high level of 1970-71. In view of larger U.S. production of tree nuts this seems probable. Also, the generally high quality of California almonds assures continued good sales.

Winter vegetable exports probably will remain about the same, unless there is considerable improvement in air or surface transport.

The opportunity for increasing sales of U.S. dry beans and other pulses depends mainly on the size and future price of the Michigan crop of white navy beans and the western crops of dry beans, peas, and lentils.

Altogether, BLEU imports of fresh fruits and vegetables could increase next season, but in view of the problems and uncertainties involved, no rise has been forecast.

Canned fruits and vegetables—The major U.S. canned fruits sold in the BLEU market are cling peaches, fruit cocktail, and Hawaiian pineapple. During 1970-71, BLEU imports of cling peaches rose, one of two European areas where this occurred. Imports of fruit cocktail and pineapple remained at about the previous season's level.

Imports of U.S. canned vegetables declined last year.

BLEU imports of canned fruit juices, mainly orange juice from Florida, increased somewhat last season. Sales of frozen concentrates for bottling juice in Belgium, however, declined. It appears unlikely that sales of Florida orange and grapefruit juices will rise substantially unless producers launch strong promotional campaigns to counteract lower prices from the Mediterranean countries, Brazil, and South Africa.

The outlook for U.S. canned and frozen juices is for slightly reduced sales in 1971-72 unless monetary changes make these products more competitive.

Tobacco—Somewhat surprisingly, U.S. exports of tobacco to the BLEU were up substantially in the first half of 1971. However, since most of the additional sales were intended to build up stocks which were low at the end of December 1970, much of this tobacco

BLEU: IMPORTS OF AGRICULTURAL PRODUCTS FROM THE UNITED STATES, 1969-70, ESTIMATED 1970-71, AND OUTLOOK FOR 1971-72 [1]

Commodity group	1969-70	Estimated 1970-71	Outlook 1971-72
	Million dollars [2]	*Million dollars* [2]	*Million dollars* [2]
Wheat	13.1	13.3	12.0
Rice	4.0	3.4	3.0
Corn (maize)	40.1	54.7	50.0
Grain sorghum	7.6	15.2	7.0
Other grains & preparations	.6	9.8	1.0
All grains & preparations	65.4	96.4	73.0
Soybeans	29.3	39.5	42.0
Soybean meal	11.9	17.8	16.0
Other meals, seeds, & feeds [3]	9.8	11.1	11.0
All oilseeds, etc.	51.0	68.4	69.0
Animals & animal food products [4]	6.5	6.0	6.3
Animal nonfood products [5]	1.5	1.0	1.0
Fats & oils	2.7	9.0	9.0
Fruits & nuts	6.1	5.6	6.0
Vegetables	1.0	.7	.7
Canned fruit & vegetables	5.4	6.3	5.0
Other food products	.6	.7	.7
Tobacco	12.4	12.5	12.0
Cotton	4.5	6.6	7.0
Other nonfood products	.2	.3	.3
Total	157.3	212.5	190.0

[1] July-June year. [2] C.i.f. value. Calculated at BF50=$1.00. Changed exchange rate for 1971-72 might reduce Belgian franc equivalent of dollar values. [3] Includes oil-bearing materials, fieldseeds, hops, cereal byproducts, beet pulp, corn gluten meal, and compound feeds including milk products. [4] Includes dairy products except NFDM in compound feeds; excludes fish, crustaceans, fish meal, meat and bone meals, and animal fats. [5] Includes hides, skins, wool, and mohair; excludes inedible animal fats.

was placed in bond and does not appear in BLEU import statistics for the 1970-71 season.

Other things being equal, the Belgian tobacco trade does not expect the EC tobacco policy to have any immediate effect on its purchases of U.S. leaf. If U.S. leaf were more competitively priced in terms of foreign currencies, Belgian firms might be inclined to buy leaf for additional stock building. Thus, the forecast for U.S. exports of $12 million in 1971-72 could be exceeded.

Cotton—The value of BLEU imports of U.S. cotton rose in 1970-71 to $6.6 million—nearly 50 percent above the value of imports the preceding season. Part of the increase was the result of higher prices, but volume also rose as supplies in other exporting counties were low. U.S. supplies of the principal qualities required by Belgian mills—1-1/16 inches and longer—were adequate and available at competitive prices, especially during the first half of the 1970-71 season.

Currently, the world cotton supply situation is the tightest since 1962-63. Resulting price increases are encouraging a further shift by mills to manmade fibers. However, more competitive pricing of U.S. cotton through recent monetary developments and continued scarcity of foreign growths could be a factor favoring increased exports of cotton from the United States this year to the extent that supplies are available.

Livestock products—BLEU imports of U.S. animal products are not large, but trade in beef tongues, turkey parts and products, pork livers, and other pork offals is fairly important. Animal nonfood products—mainly hides, skins, furs, and animal hairs, such as mohair—are relatively minor in U.S.-BLEU trade. Total imports of animal products do not vary greatly from year to year. BLEU purchases of U.S. beef and pork offals depend mainly on competitive prices and availability of supplies in competing countries. However, imports of U.S. turkey parts and products depend to a considerable extent on continuing market development and promotion programs.

Outlook—For 1971-72 BLEU imports of U.S. farm products are expected to decline slightly from the record 1970-71 level, although many factors could affect the final results. Lower U.S. and world prices for feed grains, for instance, along with smaller sorghum sales, could reduce the value of grain imports as much as 24 percent. Imports of U.S. soybean meal probably will be down somewhat. Slightly larger BLEU imports of soybeans, animal products, fruits and nuts, and possibly cotton would not entirely offset these decreases.

Thus, total imports for 1971-72 are forecast about 10 percent lower in value than those of last season. Nevertheless, monetary policy changes, and changes in supplies of products dependent on weather—both in the United States and competing countries—could alter the outlook in either direction.

Modern Belgian mill grinds feed for broiler industry.

Marketing U.S In the Arabian

By DANIEL SHEPPARD
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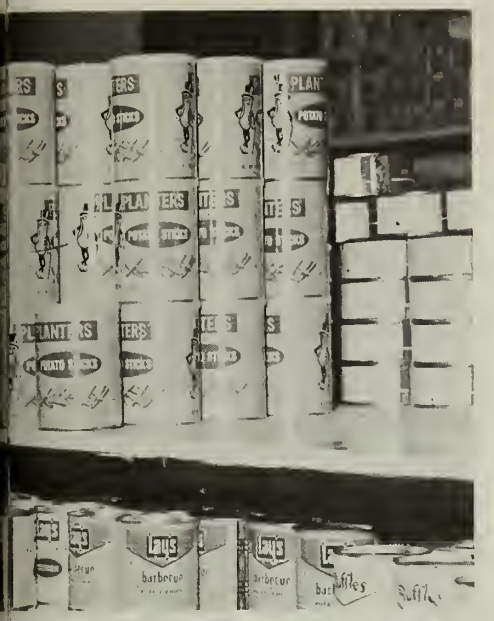
Of all the world's trading areas one of the least traveled and least known—and, unfortunately, most neglected by the U.S. trade—is the Arabian Peninsula. Many nations regard this area as one of the last frontiers for farm exports, and as such it is a target for aggressive promotion by them. It should be a U.S. target also.

The markets of the Arabian Peninsula—all dollar markets—include Saudi Arabia, Kuwait, Bahrain; such exotic places as the Shaikhdoms of Qatar, Abu Dhabi, and Dubai; and other small Trucial States along the shores of the Arabian Gulf (named for a series of truce agreements with Great Britain during the 19th century).

The overall population in the area is about 6.5 million—all Arabic speaking and predominantly Moslem. In Saudi Arabia, during the annual pilgrimage to the holy cities of Mecca and Medina, a million or more Moslems from all over the world come to swell the population and draw upon local food supplies.

All these countries—Bahrain to a less



U.S. foods at Saudi Arabian supermarket.

rm Products
insula Area

degree—are important oil producers with vast untapped reserves. And all are significant exporters of this "black gold," which is their principal source of revenue. Needless to say, they have become extremely wealthy.

The expanding oil-based economy is bringing professional, skilled, and semi-skilled workers—some with families—to the area. Increased salaries, with subsequent larger purchasing power, are creating a demand for many food items, particularly new products. Bread and rice are basic staples, but frozen foods—particularly poultry—are high on the list of consumer demands.

But the area cannot produce enough food to meet its increasingly sophisticated needs. Most of the Peninusula is hot, dry desert (hot and humid along the coasts) with no rivers and a perpetual scarcity of groundwater. Rainfall averages only 2 to 4 inches annually. Thus, about 90 percent (for certain processed items, 100 percent) of total food and agricultural requirements must be imported; and large profit margins and high consumption rates make the food business highly profitable.

Total food imports from all sources in 1970 were about $400 million; the United States provided $36 million.

All these circumstances make the Arabian Peninsula a unique field for agricultural exporters. How can you, the U.S. exporter, best cultivate this field? Here are some suggestions.

- First of all, jump in and get your feet wet. Plan to go to the Arabian Pennisula yourself or send a representative to explore prospects first-hand.
- Prepare a sales kit. Put 8x10 photographs of your canned products, brand of frozen poultry, or rice package into an attractive ring binder. Give for each picture (ideally, in Arabic and English) such specifications as the range of sizes available, the grades, the number of items per box.
- Then write to the commercial attaché in each country (though in other areas where there is an agricultural attaché, you would normally contact that attaché). Tell him you are coming, and when. If—as in some countries, particularly Saudi Arabia—you need an importer or merchant to sponsor your entry or departure, ask the commercial attaché for suggestions.
- On arrival, make the attaché's office your first stop. He can give you leads on whom to see and who may oppose imports.
- Don't be in a rush to visit the importers. Rubberneck around the city a bit and observe how food products comparable to yours are retailed. Check their prices against your knowledge of what your landed costs could be, adding import duties, taxes, and the like, which you can get from the attaché. See how other products—from the United States or elsewhere—compare in quality and packing with your own.
- Remember that local traders are constantly on the lookout for new products. Have you any?
- Ask the attaché to put you in touch with shipping agents who can tell you about ship schedules.
- Now, meet your importer—just as formally as he seems to meet you. Take an interpreter if you can't speak the Arabic language well.
- Be prepared to quote prices c.i.f. his port, packed and sized the way he wants, and if possible include the commission on the total price. Talk about specific delivery dates.
- Until you know your customer quite well, do business only on the basis of an irrevocable letter of credit. But keep your share of the bargain by delivering exactly what you have agreed to deliver, and on time.
- Try to find local agents. Many Arabs aspire to become merchants, importers, and entrepreneurs. They are shrewd, know their market, and share one common dream—to represent overseas exporters. Some of them have persuaded their countries to pass legislation requiring that local business and imports be handled by local citizens.
- Be alert to ways you can help your agents in financing exports and deliveries and in reducing freight rates through pooled orders and money-saving ship charters. General cargo freight

(Continued on page 9)

Some Background Facts

SAUDI ARABIA: Area 873,000 sq. m.; **population** less than 5 million; 1970 **GNP** $2.9 billion; 1970 **farm imports from U.S.** $27.6 million (chiefly milled rice, flour, fruit and vegetable juices, vegetable oils, beverages, beef, poultry, dairy products, miscellaneous processed foods).

KUWAIT: Area 8,000 sq. m.; **population** 800,000; fiscal 1971 **GNP** $2.5 billion; 1970 **farm imports from U.S.** about $4 million (chiefly poultry meat, canned vegetables, rice, cereals, beverages, dairy products).

BAHRAIN: Area 240 sq. m.; **population** about 215,000; 1968 **GNP** about $78 million; 1970 **farm imports from U.S.** about $1.3 million (chiefly flour, fruit and vegetable juices, food preparations).

QATAR: Area 4,000 sq. m.; **population** about 100,000; 1968 **GNP** about $280 million; 1970 **farm imports from U.S.** about $1 million (including flour, frozen meats, dairy products, fruit, processed foods).

TRUCIAL STATES (Shaikhdoms of Abu Dhabi, Dubai, Sharjah, Ras al-Khaimah, Fujairah, Umm al-Qaiwan, Ajman): **Area** about 32,000 sq. m.; **population** about 250,000; 1970 **farm imports from U.S.** about $2 million (chiefly flour, rice, canned and frozen fruits and vegetables, juices, cereals).

Left, farmers examine dwarf wheat variety in Uttar Pradesh. Right, grain being manhandled at Hapur, one of India's major grain markets. (Photo: FAO)

India's Food Grain Output Reaches High in 1970-71

By JOHN B. PARKER, JR.
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India's food grain production reached a record level of almost 108 million metric tons in 1970-71, more than 8 million tons above 1969-70. Major increases were in wheat, rice, millet, and corn.

There was virtually no increase in total area planted to food grains (rice, wheat, barley, corn, sorghum, millet, and pulses). However, there was a shifting of acreage from barley, sorghum, and millet to wheat. The production boost was mainly due to greater use of high-yielding varieties, more fertilizer, and an expanded acreage under irrigation.

Wheat production increased 16 percent to reach 23.2 million tons in 1970-71. Nearly 70 percent of the wheat production now comes from high-yielding varieties, although they are planted on less than 38 percent of the wheat land. Rice production totaled 42.4 million tons (milled basis), a 2-million-ton increase over 1969-70. Most of the new high-yielding rice varieties—about 28 percent of the total—are harvested 2 months earlier than some traditional varieties, and multiple cropping of wheat is spreading.

About 30.5 million tons of coarse grains (mostly sorghum, corn, and bajra, a spiked millet) were harvested in 1970-71, compared with 27.3 million tons the previous season. Corn and bajra—which responded especially well to irrigation in 1970-71—made significant increases. Total production of pulses did not grow in 1970-71, but production gains in Rajasthan offset shifts to wheat in other areas.

Production of food grains in Rajasthan State in 1970-71 reached 8.8 million tons, nearly double the previous year's output and 2.3 times the drought harvest of 1965-66. Widespread use of high-yielding varieties, more water from new dams, a marked rise in fertilizer use, more tractors and pesticides, and excellent monsoon rainfall all helped boost production. Bajra output more than tripled in 1970-71 because of increased plantings on newly irrigated and fallow land, and excellent yields from the new hybrid variety HB-4. Hybrid corn responded well to fertilizer.

Punjab's wheat production in 1970-71 was 2.5 times the harvest of 1966-67, but only 1.5 percent above 1969-70. Delayed winter rains reduced irrigation water, and farmers apparently used less fertilizer than they would have had the weather been better. Over 68 percent of the State's wheat land is in high-yielding varieties.

In Uttar Pradesh, India's leading food grain producing State, output was only 2 million tons larger in 1970-71 than in 1969-70, but 6.2 million tons above the 1965-66 output. Short duration varieties of wheat with good yields are planted in December on land where quick-maturing high-yielding varieties of rice were harvested in November. Padma has become a favorite rice variety because of its high yields, quality,

INDIA'S FOOD GRAIN PRODUCTION [1]

Item	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Rice, milled	38,732	30,589	30,438	37,612	39,761	40,430	42,448
Wheat	12,290	10,394	11,393	16,540	18,651	20,093	23,247
Barley	2,478	2,382	2,348	3,504	2,424	2,716	2,865
Corn	4,558	4,823	4,894	6,270	5,701	5,674	7,413
Grain sorghums	9,811	7,581	9,224	10,048	9,804	9,721	8,188
Bajra	4,465	3,752	4,468	5,185	3,802	5,327	8,000
Ragi	1,921	1,327	1,631	1,884	1,648	2,117	2,201
Small millets	1,976	1,555	1,488	1,907	1,804	1,732	1,873
Total cereals	76,231	62,403	65,884	82,950	83,595	87,810	96,235
Chickpeas	5,763	4,224	3,622	5,971	4,309	5,546	5,247
Tur (pigeon peas)	1,894	1,733	1,130	1,741	1,816	1,842	1,841
Other pulses	4,504	3,987	3,595	4,390	4,293	4,303	4,488
Total pulses	12,161	9,944	8,347	12,102	10,418	11,691	11,576
Total food grains	88,392	72,347	74,231	95,052	94,013	99,501	107,811

[1] Crop year begins July 1. Ministry of Food, Agriculture, Community Development, and Cooperation, New Delhi.

and rapidity in reaching maturity.

India's rice production is expected to reach 44 million tons (milled basis) in 1971-72 despite damaging floods in August 1971 in Uttar Pradesh and West Bengal.

Despite the record harvest—a 40-percent increase over production in the drought years of 1965 and 1966—per capita supplies of food grains in 1971 are estimated to be below those of 1970—443.2 pounds compared with 444.2 pounds. The per capita allowance provides for the amount of food required by the more than 8.5 million refugees from East Pakistan and takes into consideration the more than 1-million-ton drop in wheat imports in 1971. Rice imports are expected to be well above the 206,000 tons imported in 1970, however.

Indian food grain production has benefited from reasonably favorable weather in recent years. New grain varieties and the use of more fertilizer, irrigation, and other inputs should make it possible for India to better withstand the effects of future unfavorable weather, but significant annual fluctuations can be anticipated. Continued high population growth, complicated by the influx of refugees, suggests that to achieve food grain self-sufficiency in 1972, and to maintain it, as India plans to do, will require continued rapid output of grains if availability is to grow.

Mexico Sets Up Livestock Markets And Spurs Dairy Cattle Imports

American dairymen have greater opportunities to sell dairy cattle to Mexico, thanks to a recent determination by the Mexican Government and to the inauguration of national livestock markets, the second of which is now underway at Querétaro.

For the first time, under the new ruling, nonregistered dairy cattle may be imported on the performance records of the sire's daughters. Previously, Mexico permitted grade dairy cattle to be imported solely on the production records of the dam, which many U.S. dairymen do not maintain. Production data on a sire's daughters is readily available from such sources as "Registered Holstein Sire Performance Summaries."

The new decision greatly increases the supply of grade cattle available for the Mexican market, and sharpens the competitive edge of U.S. producers.

A group of 35 unregistered Wisconsin Holsteins has already been sold under the new basis at the First National Livestock Market, which was inaugurated on August 15 in Querétaro.

The Querétaro market was organized by the Regional Livestock Union of Querétaro, with support from the Secretariat of Agriculture, in order to provide a central location for regular sales of cattle.

Querétaro, situated near the center of the country and in the heart of one of Mexico's most important dairy regions, is ideally located for a central market.

During the first week-long market (Aug. 15-22), more than 400 head of livestock were sold. Most were Holsteins, although some Brown Swiss, Jersey, and even a lot of 10 Brahmans were also traded.

The success of the first market week has encouraged future markets, which will be held in Querétaro at approximately 3-month intervals. The next is scheduled for the week of November 14-21, and import permits for approximately 250 head of U.S. grade dairy cattle have been granted by the Mexican Government. Cattle for this sale may be imported either on the production record of the dam or on the record of the daughters of the sire.

The demand for quality dairy cattle in the Querétaro market should provide export-oriented American producers with a worthwhile sales opportunity.

Information on exporting cattle to Mexico and on the Querétaro market, can be obtained from: Livestock and Meat Products Division, Foreign Agricultural Service, Washington, D.C. 20250 —Based on a dispatch from

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Arabian Peninsula

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rates from North America to the Arabian Gulf have increased over 40 percent since the June 1967 Arab-Israeli war. This is a principal factor in the difficulties now being faced by U.S. foodstuffs in the area.

- Look into the future of this large and expanding market for all types of food products; and consider the possibility of Arabic-English labels for your products. A number of our competitor countries are already providing this service. They can thus more readily influence the great mass of consumers.
- Above all, keep it uppermost in your mind that personal contacts with agents, importers, and trade representatives are a most important feature of doing business in the Arab world.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Item	Nov. 10	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14...	2.01	+3	[1] 2.11
USSR SKS-14	([2])	([2])	([2])
Australian FAQ	1.67	+1	([2])
U.S. No. 2 Dark Northern Spring:			
14 percent	1.89	0	2.12
15 percent	([2])	([2])	2.18
U.S. No. 2 Hard Winter:			
13.5 percent	1.79	−2	2.00
No. 3 Hard Amber Durum..	1.83	−2	2.01
Argentine	([2])	([2])	([2])
U.S. No. 2 Soft Red Winter..	1.77	−2	1.91
Feedgrains:			
U.S. No. 3 Yellow corn	1.37	+2	1.75
Argentine Plate corn	1.53	+2	1.89
U.S. No. 2 sorghum	1.41	+1	1.65
Argentine-Granifero sorghum	1.41	+1	1.69
U.S. No. 3 Feed barley	1.20	+2	1.47
Soybeans:			
U.S. No. 2 Yellow	3.45	+7	3.35
EC import levies:			
Wheat [3]	[4] 1.51	−6	1.29
Corn [5]	[4] 1.02	−6	.71
Sorghum [5]	[4] 1.03	−2	.66

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

COTTON

Record Cotton Crop Expected in Turkey

Generally favorable weather and a large increase in cotton acreage should bring a record cotton crop in Turkey during the 1970-71 crop year (August-July). Production is currently forecast by private sources at 2.15 million bales (480 lb. net), almost 8 percent above the previous record crop produced in 1968 and an increase of 315,000 bales over the production of the 1970-71 season.

The high production level stems largely from a substantial increase in acreage this season, because of high domestic cotton prices and dissatisfaction with 1970-71 wheat yields. An estimated 1.65 million acres were planted to cotton in 1971-72, compared to only 1.3 million acres a year earlier. However, acreage still has not returned to the 1965-69 average (approximately 1.7 million acres).

Yield per acre, which has been rising almost steadily since 1957, is forecast at about 50 pounds per acre below the record 678 pounds per acre achieved in 1970-71, as excessive rains early in the season caused some damage. This will still be well above the average from 1965 to 1969 of approximately 500 pounds per acre.

Turkey has exported, on an average, more than 1 million bales of cotton annually during the past 5 years, 1966-70. Exports in calendar 1970 went mainly to West Germany, Switzerland, France, Lebanon, United Kingdom, Italy, Belgium, and Japan (more than 100,000 bales to each). Government intervention delayed forward sales of exports this season with the aim of securing higher export returns as world prices for cotton continued to rise. Exports are presently forecast at a record 1.25 million bales in 1971-72. Most of this cotton will probably be exported during the second half of the current season.

Government restrictions on forward cotton sales have helped to maintain Turkish cotton as virtually the only remaining Northern Hemisphere new-crop cotton that has not already been substantially committed. The size of the Turkish crop and the level of Turkish export prices may have a significant influence on present tight world supplies and international cotton prices, now at the highest levels since 1968.

Domestic cotton prices were at record levels in 1970-71, aided by the Government's price support program, a system of floating minimum export prices based on local cotton prices, and the devaluation of the Turkish lira. In August 1971, minimum export prices were again raised to 17 percent above prices a year earlier. Cooperatives were also authorized to purchase cotton from producers at levels above the minimum support prices. Minimum export prices were further raised during September. Although Turkish export prices are normally below quotations for comparable U.S. qualities, they rose above the U.S. level in late August this year; but they turned slightly downward in late September as new-crop cotton began to reach the markets.

DAIRY AND POULTRY

EC Places Export Tax On Skim Milk Powder

On October 19, 1971, the Commission of the European Community established an export tax on skim milk powder in bulk, amounting to US$10 per 100 kilograms ($4.50 per 100 lb.). For skim milk powder contained in mixed feeds, the tax averages about $8 per 100 kilograms ($3.60 per 100 lb.).

The tax was imposed to prevent large outflows of skim milk powder from the EC. In recent weeks considerable quantities were reportedly exported to Cuba, Mexico, Israel, and Japan. The Commission expects that the measure will prevent further Community exports of skim milk powder until next spring. Public stocks of skim milk powder are well below last year's level and barely sufficient to cover EC requirements. Supplies for the animal feed industry apparently are especially tight.

It is understood that the Commission does not contemplate similar measures for butter. At present total butter stocks are reportedly around 160,000 metric tons, of which some 140,000 tons are in private hands. The bulk of these stocks will be used in the Community.

The EC Council on September 28 had enacted detailed provisions for possible escape clause action in the dairy sector should the comparatively tight situation on Community dairy markets warrant specific action.

The criteria for such action are the volume of actual or prospective imports or exports, domestic supplies, price trends, and actual or potential intervention measures. The escape clause measures may consist in the partial or total suspension of import or export certificates, refusal to accept new requests for such certificates, and the total or partial suspension of the advance fixing of export subsidies.

The Commission had already announced in the official Journal of September 25 the elimination of the import levy on skim milk powder, which at that time was $10.50 per 100 kilograms ($4.76 per 100 lb.); and at the same time it had abolished all export refunds.

On October 12, the Council took additional standby measures. Import levies for dairy products may be fully or partially suspended, and taxes on Community dairy exports imposed, if the c.i.f. import price of dairy products exceeds the Community's threshold prices by at least 3 percent. The latter are fixed for pilot products to insure that prices of imported dairy products are maintained at levels high enough to protect the dairy industry within the Community.

The Commission also proposed a reduction in the subsidy for liquid skim milk for feeding. This subsidy, which presently amounts to $1.65 per 100 kilograms (75 cents per 100 lb.), is to be reduced to $1.18 per 100 kilograms (54 cents per 100 lb.) by the new proposal.

Reportedly, the foregoing measures by the Council were not motivated by an actual milk shortage at the present time. According to best available estimates, milk production in the European Community as a whole still exceeds domestic consumption. However, it is feared that present high world market prices for dairy products in general may stimulate exports to the extent that serious domestic shortages of these products could result.

FRUITS, NUTS, AND VEGETABLES

Iran's Walnut Crop Declines Slightly

Iran's 1971 walnut production is placed at 4,000 short tons (in-shell basis), slightly below last year's 4,500-ton harvest. Drought conditions in the production regions and the cyclical nature of the walnut crop are cited as reasons for the lowered production.

Exports during the 1970-71 season are projected to reach 700 tons, virtually equal to the 733 tons shipped during the previous marketing year. Reportedly, several Eastern European nations have tried to determine the availability of walnuts for export. However, because of Iran's high domestic consumption, an increase in exports is not expected.

New Zealand To Import Apples From United States

The New Zealand Apple and Pear Marketing Board has announced its intention of importing 50,000 bushels of apples from the United States and Canada. The Board acknowledged, however, that because of this year's short crop in Canada and the northwestern United States, they may be able to import only 30,000 bushels—and possibly less because of the U.S. dock strike.

New Zealand exempted apples and pears from import licensing in June 1971 and removed the brown rot quarantine restriction in September for apples and pears grown in Washington and Oregon.

Spain Ups Canned Fruit Production

Spain reports a larger 1971 pack of canned deciduous fruit. Supplies of fresh fruits for processing were considerably larger, except apricots and cherries, and canned production is estimated at 3.7 million cases, equivalent to 24 No. 2½ cans —3 percent above 1970.

Canned peach production is estimated at 1.5 million cases, 15 percent above last year. Substantial quantities of speckled and cracked apricots were reported in Murcia, the leading apricot area. Spanish apricot production is estimated at 1.2 million cases, the smallest level since 1965.

SPANISH CANNED DECIDUOUS FRUIT PRODUCTION

Item	1968	1969	1970	Estimated 1971
	1,000 cases[1]	*1,000 cases*[1]	*1,000 cases*[1]	*1,000 cases*[1]
Peaches	1,371	1,407	1,300	1,500
Apricots	1,323	1,358	1,500	1,200
Other	922	873	800	1,000
Total	3,616	3,638	3,600	3,700

[1] Cases of equivalent 24 No. 2½ size cans.

Crops and Markets Index

First-Quarter Farm Exports

(Continued from page 3)

U.S. AGRICULTURAL EXPORTS, VALUE BY COMMODITY

Commodity	July-September 1970	July-September 1971	Change from previous period
	Million dollars	*Million dollars*	*Percent*
Animals and animal products:			
Dairy products	38	39	+3
Fats, oils, and greases	56	62	+11
Hides and skins	36	35	−3
Meats and meat products	33	36	+9
Poultry products	15	16	+7
Other	24	23	−4
Total	202	211	+4
Grains and preparations:			
Feed grains, excluding products	295	259	−12
Rice	69	64	−7
Wheat and flour	258	273	+6
Other	25	38	+52
Total	647	634	−2
Oilseeds and products:			
Cottonseed and soybean oils	66	84	+27
Soybeans	235	306	+30
Protein meal	90	116	+29
Other	21	25	+19
Total	412	531	+29
Other products and preparations:			
Cotton, excluding linters	46	103	+124
Tobacco, unmanufactured	115	172	+50
Fruits and preparations	99	81	−18
Vegetables and preparations	42	34	−19
Other	105	109	+4
Total	407	499	+23
Total exports	1,668	1,875	+12

A year ago, Canada imported a large number of U.S. slaughter cattle when herd expansion was severely limiting its own availabilities. This year, its slaughter cattle numbers have increased, with little holdback for herd enlargement.

Dairy exports moved up to $39 million with a sharp rise in butter exports to the United Kingdom. Butter has been relatively scarce there since imports from New Zealand have been limited by drought. At the same time, stocks and production have declined in Europe. The large EC surplus was reduced by granting export subsidies, disposing of butter at cut-rate prices to institutions and food processors, and paying premiums to dairymen for slaughtering dairy cattle. U.S. butter exports during the quarter totaled 12.5 million pounds, compared with only 190,000 the year before. However, much of this gain was offset by a slowdown in exports of nonfat dry milk under Government programs.

Continued tightness in world supplies of fats and oils helped boost inedible tallow exports to over $51 million from $39 million the year before. But increased pork production in Europe reduced U.S. exports of lard.

More beef and variety meats were exported this quarter. Demand for U.S. beef for thet tourists trade has expanded in the Caribbean, Europe, and Asia. Increased U.S. production coupled with attractive prices served to encourage exports of variety meats.

Exports of hides and skins, however, continued slow because of a turndown in European shoe production.

Exports of poultry meats were about the same as a year earlier. Increased production in principal markets reduced import requirements. Imports of poultry meat are closely controlled by many importing countries. This factor, plus subsidized competition, makes market expansion extremely difficult despite the high quality of U.S. poultry meat.